

Message Text

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51

ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 AGR-05 AID-05 /028 R

DRAFTED BY ARA/APU:RCFELDER:LMG

APPROVED BY ARA/APU:CEBARTCH

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R 222020Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

C O N F I D E N T I A L STATE 119986

E.O. 11652:

TAGS: PFOR, EFIN, AR

SUBJECT:PRIVATE BANK LENDING TO ARGENTINA

1. MR. HERBERT OSBORNE OF CHEMICAL BANK OF NEW YORK ADVISED DEPARTMENT (APU) BY TELEPHONE MAY 22 THAT CHEMICAL WILL UNDERTAKE TO FORM BANK CONSORTIUM TO PROVIDE SHORT TERM REVOLVING FINANCING FOR ARGENTINE GRAIN EXPORTS. TOTAL FINANCING FOR THIS PROJECT WOULD EXCEED \$800 MILLION WITH EXPOSURE LIMITED TO \$220 MILLION AT ANY ONE TIME.

2. OSBORNE DID NOT ENVISAGE A MAJOR PROBLEM IN PUTTING CONSORTIUM TOGETHER AND ANTICIPATED THAT LOAN AGREEMENT COULD BE SIGNED IN APPROXIMATELY FOUR WEEKS. HE SAID, HOWEVER, THAT HE HAD BEEN GIVEN TO UNDERSTAND BY SENIOR OFFICIALS OF ARGENTINE MINISTRY OF ECONOMY IN BUENOS AIRES THAT GOMEZ MORALES WAS ON WAY OUT AND WOULD BE REPLACED SHORTLY BY CELESTINO RODRIGO, WHO IS RECOGNIZED TO BE LOPEZ REGA'S MAN. OSBORNE SAID HE HAD READ ASSISTANT SECRETARY ROGERS RECENT LETTER TO

COMPTROLLER OF CURRENCY SMITH (POUCHED TO EMBASSY) WHICH

IMPLIES SUPPORT FOR PRESENT GOA EFFORTS TO OBTAIN
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FINANCING IN THE U.S. HE ASKED IF WE WOULD STILL BE SYMPATHETIC TO THE GOA WERE LOPEZ REGA TO CONSOLIDATE HIS HOLD OVER THE GOVERNMENT BY PLACING HIS MAN AT THE HEAD OF MINISTRY OF ECONOMY. WE REPLIED ALONG

FOLLOWING LINES: THAT LOPEZ REGA HAS HAD A PARTICULARLY IMPORTANT ROLE IN THE GOVERNMENT SINCE MRS. PERON BECAME PRESIDENT LAST JULY; THAT IN THIS PERIOD OUR RELATIONS WITH ARGENTINA HAVE BEEN EXCELLENT; THAT ALTHOUGH WE HAVE GREAT RESPECT FOR GOMEZ MORALES A CABINET CHANGE WOULD NOT AFFECT OUR RELATIONS WITH ARGENTINA UNLESS SUBSEQUENT POLICY CHANGES ADVERSELY AFFECTED US INTERESTS.

3. OSBORNE IS COMING TO WASHINGTON TO MEET WITH CENTRAL BANK PRESIDENT CAIROLI WHO IS DUE ARRIVE HERE TOMORROW FOR CONSULTATION AFTER IDB MEETING IN SANTO DOMINGO. HE SAID HE WOULD BE IN TOUCH WITH US NEXT WEEK. INGERSOLL

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<< END OF DOCUMENT >>

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